Thematics journal of business management
ISSN 2277-3002
Vol-5-Issue-1-2022
http://thematicsjournals.in
UIF 2021= 7.528
IFS 2020= 7.433
DOI. 10.5281/zenodo.6664170
2022-04-10

WORLD ECONOMY AFTER PANDEMIC

Alimnazar Khudjamuratovich Islamkulov
Doctor of Economics, Associate Professor
Vice-Rector for Research and Innovation

Abstract: this article is devoted to assessing the impact of the pandemic on the state of the world economy, in particular, the negative consequences of the pandemic for world economic growth are analyzed. In 2020, most countries will face a recession. An analysis of economic damage by region is provided. The dynamics of the consequences of the pandemic with the subsequent economic effect on various industries is reviewed. The measures of the governments of the countries to maintain employment and mitigate the crisis are studied. The pandemic has exposed the fragility of global value chains and countries will have to prepare for the changing nature of the global economy. The article highlights the need to take urgent action to mitigate the economic impact of the pandemic, protect vulnerable populations and create conditions for long-term recovery.

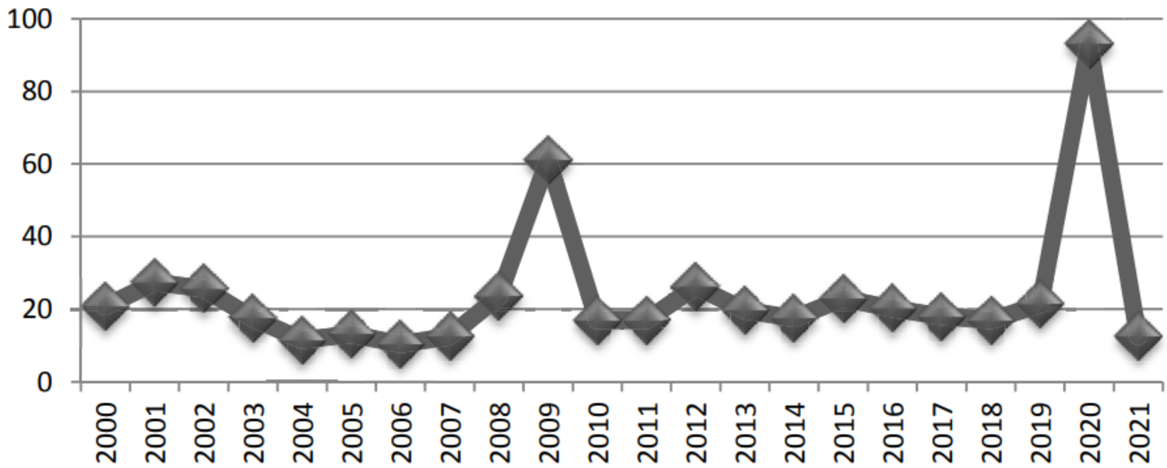
Keywords: world economy, economic damage, global pandemic, world economic growth.

The COVID-19 pandemic is spreading at an alarming rate, infecting millions of people and almost completely stopping economic activity, as countries have imposed strict restrictions on movement to stop the spread of the virus. As human casualties increase, the economic damage is already evident and represents the biggest economic shock that the world economy has experienced in recent decades. Despite the fact that it is impossible to predict exactly what economic damage the global pandemic of the new coronavirus COVID-19 will cause, it will definitely have a serious negative impact on the global economy. In the current atmosphere of uncertainty and unpredictability, when disputes about the post-pandemic world order flare up again and again, the situation in the global economy does not look more encouraging.

The pandemic affects all countries of the world. In the face of the global recession caused by the pandemic, the fault lines between globalization and uneven

Thematics journal of business management
ISSN 2277-3002
Vol-5-Issue-1-2022
http://thematicsjournals.in
UIF 2021= 7.528
IFS 2020= 7.433
DOI. 10.5281/zenodo.6664170
2022-04-10

development are becoming increasingly apparent. The economic rivalry between the United States and China, which began several years before the pandemic, will only intensify, and the center of gravity of this rivalry is increasingly shifting towards the development of new technologies; this rivalry will no longer be limited to the two largest economies in the world. Any rivalry between China and its competitors will further complicate the state of countries that are economically dependent on China [4]. According to preliminary estimates, most major economies will lose at least 2.4 percent of the value of their gross domestic product (GDP) during 2020. Thus, global economic growth forecasts for 2020 are expected to decrease from 3.0 to 2.4 percent. According to the World Bank, global GDP in 2019 was estimated at about 86.6 trillion US dollars, which means that a drop in economic growth of just 0.4 percent will amount to almost 3.5 trillion US dollars due to a drop in production [3]. According to the World Bank, most countries are expected to face a recession in 2020. The dynamics of the share of economies in recession for 2000-2021 is shown in Fig. 1.



Source: World Ba k [3].

Thematics journal of business management
ISSN 2277-3002
Vol-5-Issue-1-2022
http://thematicsjournals.in
UIF 2021= 7.528
IFS 2020= 7.433
DOI. 10.5281/zenodo.6664170
2022-04-10

Thus, in 2020, due to the negative impact of the pandemic on the global economy, the share of economies in recession will reach its maximum value over the past 20 years. Each region will be negatively affected in the form of a decrease in growth rates. East Asia and the Pacific region will grow by only 0.5%. South Asia will shrink by 2.7%, sub–Saharan Africa by 2.8%, the Middle East and North Africa by 4.2%, Europe and Central Asia by 4.7%, and Latin America by 7.2%. These recessions are expected to reverse years of progress towards the Development Goals and return tens of millions of people back to extreme poverty [3].

Emerging and developing countries will face economic obstacles from different sides: pressure on weak health systems, declining trade and tourism, reduced remittances, limited capital flows and tight financial conditions amid rising debt. Exporters of energy carriers and industrial goods will be particularly hard hit. The pandemic and efforts to contain it have caused an unprecedented collapse in oil demand and prices. Demand for metals and transport-related goods, such as rubber and platinum used for automotive parts, also fell. Although agricultural markets around the world are well supplied, trade restrictions and supply chain disruptions can cause food security problems in some places.

The economic damage caused by the COVID-19 pandemic is largely caused by falling demand, which means that there are no consumers who could buy goods and services available in the global economy. This dynamic can be clearly seen in hard-hit industries such as travel and tourism. To slow down the spread of the virus, countries have imposed travel restrictions, which means that many people cannot buy air tickets for vacations or business trips. This reduction in consumer demand leads to the fact that airlines lose their planned revenue, which means that they need to reduce their costs by reducing the number of flights operated. Without government assistance, airlines will eventually have to cut staff to further reduce

Thematics journal of business management
ISSN 2277-3002
Vol-5-Issue-1-2022
http://thematicsjournals.in
UIF 2021= 7.528
IFS 2020= 7.433
DOI. 10.5281/zenodo.6664170
2022-04-10

costs. The same dynamics is typical for other industries, for example, with a drop in demand for oil and new cars, since daily trips to work, social events and holidays are no longer possible. As companies begin to cut staff to compensate for lost income, there are concerns that this will create a downward economic spiral when these unemployed will no longer be able to afford to buy goods and services.

Source: World Bank [3].

Thus, in 2020, due to the negative impact of the pandemic on the global economy, the share of economies in recession will reach its maximum value over the past 20 years. Each region will be negatively affected in the form of a decrease in growth rates. East Asia and the Pacific region will grow by only 0.5%. South Asia will shrink by 2.7%, sub–Saharan Africa by 2.8%, the Middle East and North Africa by 4.2%, Europe and Central Asia by 4.7%, and Latin America by 7.2%. These recessions are expected to reverse years of progress towards the Development Goals and return tens of millions of people back to extreme poverty [3].

Thematics journal of business management
ISSN 2277-3002
Vol-5-Issue-1-2022
http://thematicsjournals.in
UIF 2021= 7.528
IFS 2020= 7.433
DOI. 10.5281/zenodo.6664170
2022-04-10

References

1. Duffin Erin. Impact of the coronavirus pandemic on the global economy – Statistics & Facts. Stat ta. E o omy. [electronic resource]. Access mode: https://www.statista.com/topics/6139/covid-19-impact-on-the-global-economy / (accessed: 06/26/2020).

2. Stiglitz Joseph E. We Need a Better Balance Between Globalization and Self-Reliance. How the Economy Will Look After the Coronavirus Pandemic. Foreign Policy. [electronic resource]. Access mode: https://foreignpolicy.com/2020/04/15/howthe-economy-will-look-after-the-coronavirus-pandemic / (accessed: 04/15/2020).

3. The Global Economic Outlook During the COVID-19 Pandemic: A Changed World. World Ba k. [electronic resource]. Access mode: https://www.worldbank.org/en/news/feature/2020/06/08/the-global-economic-outlookduring-the-covid-19-pandemic-a-changed-world / (accessed 08.06.2020).

4. The world economy after the COVID-19 pandemic. Observer Research Foundation. [electronic resource]. Access mode: https://www.orfonline.org/research/the-worldeconomy-after-the-covid-19-pandemic / (accessed: 30.08.2020)